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KINGKEY INTELLIGENCE CULTURE HOLDINGS LIMITED **京基智慧文化控股有限公司**

(Incorporated in Cayman Islands and continued in Bermuda with limited liability)

(Stock code: 550)

CHANGE IN USE OF PROCEEDS

References are made to (i) the announcement (the “**Announcement**”) issued by Kingkey Intelligence Culture Holdings Limited (the “**Company**”) dated 31 July 2018 in relation to, among other things, the Placing; and (ii) the annual reports of the Company for the years ended 31 December 2019 and 2020 (the “**Annual Reports**”) in relation to, among other things, the utilisation of the net proceeds from the Placing. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise specified.

USE OF PROCEEDS

As disclosed in the Announcement, the Company intended to use the net proceeds from the Placing of approximately HK\$103 million (the “**Net Proceeds**”) for general working capital purposes and future business and investment opportunities.

As at the date of this announcement, the Group has utilised approximately HK\$21 million, representing approximately 20.39% of the Net Proceeds, as follows:

No.	Net Proceeds	Intended use of Net Proceeds	Actual use of Net Proceeds	Unutilised Net Proceeds as at the date of this announcement
i)	Approximately HK\$10 million	For general working capital in the daily operation of the Group	Fully utilised as intended	Not applicable
ii)	Approximately HK\$93 million	For any potential investment opportunities as identified by the Group	Approximately HK\$11 million	Approximately HK\$82 million

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the unutilised Net Proceeds amounted to approximately HK\$82 million (the “**Unutilised Net Proceeds**”). The Board having considered the existing business environment and development of the Group resolved to change the use of the Unutilised Net Proceeds. Set out below is the proposed change of use of the Unutilised Net Proceeds:

Intended use of Unutilised Net Proceeds	Original allocation of Unutilised Net Proceeds	Revised allocation of Unutilised Net Proceeds
For any potential investment opportunities as identified by the Group	Approximately HK\$82 million	Approximately HK\$49 million
For general working capital in the daily operation of the Group	–	Approximately HK\$33 million

REASONS FOR THE CHANGE IN USE OF PROCEEDS

Having considered that the Company currently has yet identified any suitable acquisition and/or investment targets for its business development, resulting in a low efficiency of the capital use. Meanwhile, the Company requires more working capital to provide strong support for its existing business operations, including but not limited to the sale of medical and health products and provision of medical advice. As such, based on the interest of the Company and its Shareholders as a whole, and in view of strengthening the efficiency and effectiveness of the capital use, the use of Unutilised Net Proceeds is appropriately adjusted to better meet the current business needs of the Company, which also enables the Company to invest its financial sources in a more beneficial and effective way so as to cooperate in the future development of the Company and grasp the potential business opportunities in the future. Therefore, the re-allocation of approximately 40.24% of the Unutilised Net Proceeds in an amount of approximately HK\$33 million, which were originally allocated for identified investment opportunity(ies), to supplement the working capital for the Group is more beneficial to meet the operation needs of the Company and increase its financial effects.

The Board will continuously assess the plans for the use of Unutilised Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better business performance of the Group.

By order of the Board
Kingkey Intelligence Culture Holdings Limited
Tsang Hing Bun
Executive Director

Hong Kong, 7 January 2022

As at the date of this announcement, the Board comprises Mr. Tsang Hing Bun as executive Director; Mr. Yiu Yu Cheung as non-executive Director; and Mr. William Keith Jacobsen, Dr. Leung Ka Kit and Mr. Chan Chiu Hung, Alex, as independent non-executive Directors.